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S E C R E T SECTION 01 OF 02 BRASILIA 000953

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SUBJECT: BRAZIL'S LULA GETS INTENSE RE: U.S.-BRAZIL
RELATIONS IN AMBASSADOR'S FAREWELL CALL

Classified By: Ambassador Clifford Sobel. Reasons: 1.4 (B and D).

11. (S/NF) In a July 27 farewell call on Brazilian President Luiz Inacio Lula da Silva, bookended by warm personal discussions with Barbara and me, Lula reflected at length and with great intensity on Brazil's role in the region and its implications for U.S.-Brazil relations. He believes the United States still has significant problems with its image and relationship in the hemisphere, but that President Obama might be able to overcome these problems. Just back from a MERCOSUL Summit in Paraguay, Lula mused that, even though there are problems in the region--he mentioned Bolivia's Evo Morales, in particular--it is a "peaceful region," and "Brazil is a peaceful country." Although government bureaucracy often makes relations difficult, he said, he has ensured that Brazil maintains a strong preference for accommodating its neighbors; the recent agreement with Paraguay on selling Itaipu electricity is an example of this. (Comment: We understand that presidential foreign policy advisor Marco Aurelio Garcia overruled objections to the deal by the Ministry of External Relations, a dynamic we have often seen at play with regard to regional relations. End Comment.)

12. (S/NF) Lula told me that his vision is for Brazil to be the fifth largest economy within a decade. France's President Sarkozy understands this, he said, and has offered to build their fighter in Brazil. He contrasted this attitude with that of the United States, which refused to allow Brazil to sell Super Tucanos to Venezuela, opening the door to outside--Russian and Chinese--influence there. Brazil needs the tools to deal with its neighbors, Lula said. If Bolivia wants Super Tucanos, Lula needs to be able to sell them. Brazil can't afford the type of embarrassment caused by not being able to sell Super Tucanos to Venezuela. Lula said he understood the importance of the FX-2 fighter sale to the United States, and if the meetings between NSA General Jones and his counterparts in Brazil go well, Lula will look to re-engage President Obama on the matter. However, he offered no assurances regarding the sale.

13. (S/NF) Lula said that, although he and President Bush had an excellent relationship, Bush "could never bring the State Department along in the relationship" and this continues to be a problem even now between our bureaucracies. Stressing

that much had already been accomplished to strengthen our bilateral relationship, he focused on the need to build trust, saying he hopes that the United States will continue to work with Brazil and will become an even better friend and ally of Brazil.

¶4. (S/NF) Comment: This farewell call provided singular insight into the complexity and tension in Lula's thinking on foreign relations. Warm, personable, and engaging at the beginning and end of the meeting, he carried on an intense, almost harsh monologue in the middle. Unusually, he insisted that only his own interpreter, Barbara, and I participate, and I believe the fact that he granted the meeting*not standard for departing ambassadors*reflects the importance he attaches to the relationship with the United States, particularly at this moment. At the same time, his focus on leaders*Morales, Sarkozy, Obama*and his negative view of bureaucracy provided a clear demonstration of the importance Lula attaches to personal relationships in the conduct of foreign policy.

¶5. (SBU) Comment, continued: With our meeting coming on the heels of a difficult MERCOSUL summit--a contact present at the gathering characterized it as a &dialogue of the deaf,8 signaling MERCOSUL had reached its limit as an integration mechanism--the tension was palpable, as a clearly troubled Lula reflected on his role as a guarantor of stability in South America, his desire to have a closer relationship with President Obama and the new U.S. Administration, and his ultimate goal of having Brazil recognized as a major world power.

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